

Message Text

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43

ACTION STR-08

INFO OCT-01 EUR-25 IO-14 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-04 RSC-01 AID-20 CIEP-02 SS-20 TAR-02 TRSE-00

PRS-01 SPC-03 FEA-02 OMB-01 DRC-01 /180 W

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O 181245Z JAN 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 2782

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

USMISSION EC BRUSSELS

USMISSION GENEVA

C O N F I D E N T I A L ROME 0780

E.O. 11652: GDS

TAGS: TRD, GATT, EC, IT

SUBJECT: MALMGREN'S PRESENTATION TO ITALIAN OFFICIALS ON ARTICLE 24:6

DEPT PASS EBERLE

REF: (A) ROME 13303; (B) ROME 13068; (C) ROME 12540

1. BEGIN SUMMARY: DURING MEETINGS WITH MINISTERS OF FOREIGN
TRADE AND OF AGRICULTURE AND MFA OFFICIALS, AMBASSADOR MALMGREN
EMPHASIZED KEY ITALIAN ROLE IN ANY XXIV:6 SETTLEMENT AS CITRUS,
TOBACCO, AND KRAFT PAPER ARE OF PARTICULAR IMPORTANCE TO US
TRADE INTERESTS. AGRICULTURAL MINISTER, MARIO FERRARI AGGRADI
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STATED THAT IF PRESENT DISCUSSIONS COULD BE CONCLUDED SUCCESS-

FULLY WITH AMERICAN FIRMS FOR TECHNICAL ASSISTANCE AND JOINT MARKETING OF ITALIAN CITRUS, HE WOULD BE ABLE TO SUPPORT U.S. REQUESTS FOR TOBACCO AND CITRUS. IN MEANTIME HE WOULD IMMEDIATELY NOTIFY COMMISSION THAT GOI SUPPORTED RECONSIDERATION OF IMPROVEMENT IN EC OFFER LIST AND REOPENING OF DISCUSSIONS WITH US. EARLIER IN THE DAY MEETINGS WITH MINISTER OF FOREIGN TRADE GIANMETTEO MATTEOTTI AND WITH MFA OFFICIAL CONFIRMED THAT GOI POSITION ON CITRUS AND TOBACCO SOLELY DETERMINED BY AGMIN. END SUMMARY.

2. AMBASSADOR MALMGREN LAID OUT US POSITION. HOWEVER, HE EMPHASIZED PARTICULARLY KEY ROLE ITALIANS WILL HAVE TO PLAY IF THERE WILL BE A SUCCESSFUL CONCLUSION TO THESE NEGOTIATIONS. ITALY HAD DETERMINED EC POSITION ON CITRUS, TOBACCO, AND KRAFT, KEY ITEMS ON US REQUEST LIST. US REQUESTS ARE SUCH THAT THERE WILL BE MINIMUM DISLOCATION TO ITALIAN INDUSTRY. IN FACT AMBASSADOR MALMGREN UNDERSTANDS THAT ANY NEGATIVE EFFECT TO ITALIAN INDUSTRY WOULD BE MORE THAN OUTWEIGHED IF CURRENT DISCUSSIONS BETWEEN AMERICAN COMPANIES AND THE ITALIAN INDUSTRY FOR MARKETING AND TECHNICAL ASSISTANCE CAME TO FRUITION. MINISTER OF FOREIGN TRADE MATTEOTTI AND HIS DEPUTY FRACASSI AS WELL AS MFA VICE DIRECTOR GENERAL, PASQUALE RICCIULLI RESPONDED IN WHAT IS NOW FAMILIAR EUROPEAN REFRAIN. THE EUROPEANS BELIEVE THAT NOTHING IS OWED FROM ENLARGEMENT AS THE UN HAS BENEFITED, THE EC OFFER WAS VERY DIFFICULT TO ARRANGE AND SHOULD BE CONSIDERED FINAL, AND IT IS ALMOST IMPORTANT TO HAVE IT IMPROVED. HOWEVER, MOST SIGNIFICANTLY, BOTH MINISTRIES EMPHASIZED THAT FINAL DECISION WOULD HAVE TO BE MADE BY ITALIAN MINISTRY OF AGRICULTURE WHICH IS CALLING THE SHOTS ON THIS QUESTION. THE MINISTRIES WOULD SUPPORT AN IMPROVEMENT IN THE EC OFFER IF THE AGMIN WISHED THEM TO.

3. IN A MEETING WITH MINISTER OF AGRICULTURE FERRARI AGGRADI BETWEEN SEANTE SESSIONS, FERRARI AGGRADI EXPLAINED THAT ITALY HAD TWO IMPORTANT PREREQUISITES AT THIS TIME. THE PRINCIPAL AGRICULTURAL PROBLEM CONCERNED THE NECESSITY OF GUARANTEEING SUPPLIES. TO ENABLE THE EUROPEAN COMMUNITY TO BECOME AT LAST A COMMON MARKET FROM THE PRESENT CUSTOMS UNION IT WOULD BE NECESSARY THAT IT COULD COUNT ON A CONSTANT SUPPLY OF FEEDGRAINS, WHEAT AND SOYBEANS. FERRARI AGGRADI STRESSED THE FACT THAT

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ITALY AS WELL AS THE UK AMONGST THE NINE WERE STRONG ADVOCATES OF FREE TRADE IN AGRICULTURAL PRODUCTS BENEFITTING FROM WORLD MARKET PRICES, BUT ONLY COULD SUPPORT SUCH APPROACH IN THE COUNCILS OF THE EC PROVIDED ITALY WOULD HAVE THE ASSURANCE FROM EXPORTING COUNTRIES, AMONGST WHICH THE USA IS THE MOST IMPORTANT, THAT ITS FUTURE SUPPLY WOULD BE GUARANTEED AT REASONABLE PRICES. FERRARI AGGRADI STATED THAT BECAUSE THE ABOVE ISSUES WERE PREOCCUPYING THE EC OUR PROBLEMS

ON CITRUS AND TOBACCO WERE NOT OF DOMINANT IMPORTANCE AND COULD BE SUSCEPTIBLE TO A SPECIAL SOLUTION. FOR CITRUS, WHAT WAS PARTICULARLY IMPORTANT FOR ITALIANS WAS COMMERCIAL QUID PRO QUO FOR CITRUS GROWERS PRINCIPALLY LOCATED IN SICILY AND CALABRIA. OPPORTUNITIES FOR ITALIANS TO INCREASE THEIR EXPORTS WERE PRESENTED BY DISCUSSIONS WITH REPRESENTATIVES OF AMERICAN CITRUS INDUSTRY WHICH WOULD LEAD TO JOINT PROJECT FOR MARKETING CITRUS IN NORTHERN EUROPE. (REF A AND B) SECOND QUALITY ITALIAN CITRUS WOULD BE BLENDED WITH SWEET JUICE AND MARKETED UNDER WELL-KNOWN AMERICAN LABEL. IN ADDITION, AMERICAN ENTITY WOULD PROVIDE TECHNICAL ASSISTANCE.

5. AMBASSADOR MALMGREN RESPONDED TO INITIAL FERRARI AGGRADI POINT BY STATING THAT SECRETARY SHULTZ IN ROME, HAD JUST EMPHASIZED IMPORTANCE OF CONSIDERING LONG-TERM SUPPLY PROBLEMS, INCLUDING AGRICULTURE, IN MULTILATERAL TRADE NEGOTIATIONS. SOLUTION TO SUCH BASIC PROBLEMS, HOWEVER, WENT BEYOND QUESTION OF CITRUS AND WENT BEYOND QUESTION OF 24:6. ON CITRUS MALMGREN EMPHASIZED THAT US REQUEST WOULD HAVE MINIMAL EFFECT ON ITALIAN CITRUS INDUSTRY AS ITALIAN ORANGES REPRESENTS ONLY 2 PERCENT OF COMMUNITY ORANGE IMPORTS. IN FACT PRESENT DISCUSSIONS BETWEEN AMERICAN CITRUS COMPANY AND ITALIAN GROWERS ON MARKETING ITALIAN CITRUS WOULD BE MORE BENEFICIAL TO ITALY THAN ANY POSSIBLE NEGATIVE EFFECT RESULTING FROM AGREEMENT TO US PROPOSAL. US PROPOSAL WAS NOT FOR WHOLE YEAR BUT JUST FOR AN ENLARGED SEASON AS TO ALLOW US TO COMPETE FOR A FEW MONTHS ON EQUAL BASIS WITH MEDITERRANEAN PRODUCERS. AGRICULTURAL ATTACHE INTERVENED TO EMPHASIZE THAT BEFORE AMERICAN COMPANY COULD AGREE TO SUCH A PROPOSAL AND START BUYING PRODUCT, IT MUST BE ABLE TO DEMONSTRATE TO USG THAT ITALIANS WERE WILLING TO DO THEIR PART IN SOLVING US 24:6 PROBLEMS WITH EC. THEREFORE, AT A MINIMUM ITALY SHOULD SUPPORT AMERICAN REQUEST ON CITRUS. FERRARI AGGRADI AGREED WITH PRINCIPAL POINTS MADE BY AMBASSADOR MALMGREN AND AGRICULTURAL
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ATTACHE AND STATED THT IF DEAL COULD BE ARRANGED WITH AMERICAN COMPANY THE ITALIANS WOULD SUPPORT AMERICAN REQUESTS ON CITRUS IN BRUSSELS. HE ALSO STATED WILLINGNESS TO FIND ACCOMMODATION FOR USG ON TOBACCO QUESTION. MALMGREN REQUESTED THAT FERRARI AGGRADI INFORM ITALIAN REPRESENTATIVES IN BRUSSELS NOW THT ITALY WOULD SUPPORT RE-OPENING DISCUSSIONS WITH USG AND RE-CONSIDERATION BY EC OF ITS OFFER. HE AGREED TO DO THIS. FERRARI AGGRADI WHO HAD DISCUSSED QUESTION EARLIER WITH AGRICULTURE SECRETARY BUTZ AND AMBASSADOR VOLPE AT TIME OF FAO CONFERENCE IN NOVEMB
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Message Attributes

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